

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **May 25, 2004, Work Session**

AGENDA ITEM NO.: 4

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Amazement Square: Skateboard Park and City Taxes**

RECOMMENDATION: Agree to sign a Memorandum of understanding with Amazement Square whereby real property taxes on the skateboard park property would be returned to Amazement Square as a contribution to the operating costs of the park.

SUMMARY: The establishment of a skateboard park in the City has been a long standing goal of Council. Several years ago Council set aside capital funds in the amount of \$50,000 to support the development of the park. Subsequently, Amazement Square proposed to develop and operate the skateboard park on property donated by the City. The Rotary Club has joined with Amazement Square in this effort. Council agreed to the proposal and a parcel of property along Blackwater Creek and the \$50,000 in capital funds were donated to Amazement Square.

Amazement Square is not tax exempt with respect to property taxes in the City. After seeing a significant increase in assessed value, and subsequently taxes, on the building on Ninth Street, Executive Director Mort Sajadian expressed concern about tax liability on the property to be developed as a skateboard park. The attached letter discusses those concerns.

Since Amazement Square is proposing to develop and operate a facility that the City had planned to develop alone, it seems appropriate to consider City participation in the form of a contribution to operations in the amount of the taxes that would be paid on the property. This arrangement could be formalized through a Memorandum of Understanding.

An alternative would be to grant tax exempt status to Amazement Square.

PRIOR ACTION(S): As noted above.

FISCAL IMPACT: The parcel on which the skateboard park is to be developed is assessed at \$25,000, which would result in a tax liability of \$285 a year at the proposed \$1.14/hundred rate. This is the unimproved value of the property. The assessment would be higher once the skateboard park was developed.

CONTACT(S): Kimball Payne

ATTACHMENT(S): Letter from Mort Sajadian

REVIEWED BY: lkp



AGENDA ITEM # 4

THE RIGHTMIRE CHILDREN'S MUSEUM

Mort Sajadian, PhD
Executive Director/CEO

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Diane M. Walker, PhD
George R. Zippel

TO: Kimball Payne

FROM: Mort Sajadian, PhD

DATE: April 28, 2004

SUBJECT: Tax Assessment

Enclosed is a copy of the material that I sent to City Council regarding Amazement Square's exemption from property tax for the skatepark project. Please feel free to call me if you have any questions or concerns.

RECEIVED

APR 29 2004

QUAN. & QUAL. SERVICE



THE RIGHTMIRE CHILDREN'S MUSEUM

2-sided copy

Mort Sajadian, PhD
Executive Director/CEO

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Mr. Bert Dodson, Jr.
City Council
City of Lynchburg
City Hall
Lynchburg, VA 24504

April 26, 2004

Dear Bert,

Last October, after a significant increase in the museum's property tax, I informally discussed with Mayor Carl Hutcherson and City Manager Kimball Payne our concern regarding the increase in our taxes and the potential property tax assessment that we could be expecting for the Riverfront Skatepark Complex (a copy of my letter to the Mayor is enclosed).

In the next few weeks we will begin the construction and renovation process of the Riverfront Skatepark and Signal Tower Complex. Given that this project, for all practical purposes, is a public/private partnership for services desired by the City, but rendered by Amazement Square, I would like for your support in granting a tax exempt status to Amazement Square for the project.

Considering that if the City was to operate this complex through the Parks and Recreation Department, based on a conservative estimate (copy of a tentative operating budget is enclosed) it would have to allocate more than \$80,000 per year for its operation, granting this exemption to the museum would be a financially sound and beneficial investment by the City.

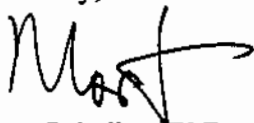
An agreement could be established through a memorandum of understanding that states in lieu of services provided by Amazement Square for operating the skatepark, the City would grant an annual contribution in the amount indicated by the tax assessment.

As you well know, to keep Amazement Square accessible to all individuals in our community, the museum must annually raise almost 2/3 of its annual operating budget through contributed income. Based on our preliminary studies, the operation of this new complex, even when highly successful, will require the museum to raise more funds than the potential generated revenue.

27 Ninth Street Lynchburg VA 24504 Phone (434) 845-1888 Fax (434) 845-5221
Website: www.amazementsquare.org Email: visitus@amazementsquare.com

I would very much appreciate your consideration of this request at your earliest convenience, as I would be disappointed if we were to begin this project and then come to the realization that the Riverfront Skatepark is not a partnership program as we have envisioned it.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mort', with a long horizontal flourish extending to the right.

Mort Sajadian, PhD
Executive Director & CEO

Enclosure

Rotary Centennial Riverfront Skatepark

Projected Annual Operating Budget

Staff

Part-time Staff

Monday - Friday (1pm - 7:30pm)	6.5 hrs x 5 days x 1staff	32.5 hrs
Saturday (9am - 7:30pm)	10.5 hrs x 2 staff	21 hrs
Sunday (12pm - 5:30pm)	5.5 hrs x 2 staff	11 hrs
		<hr/> 64.5 hrs

64.5 hours per week x \$8 per hour x 52 weeks \$26,832.00

Management/Administrative Staff

10 hrs. per week at \$15/hour x 52 weeks \$7,800.00
 Taxes and Benefits \$2,771.00

Facility Operation

Custodial Services and staff \$2,400.00
 Maintenance Staff \$6,500.00
 Insurance ??
 Electric \$2,400.00
 Phones \$750.00
 Water \$960.00
 Website development, hosting, service \$2,300.00
 Contracted Services \$1,500.00

PR/Marketing

Advertising \$5,000.00
 Skate shop inventory \$10,000.00

Café

Supplies \$8,000.00

TOTAL \$77,213.00

After outdoor lighting is added to the skatepark, staff and utility expenses will increase.
 Expenses related to the operation of the Signal Tower Museum are not included in the above budget